

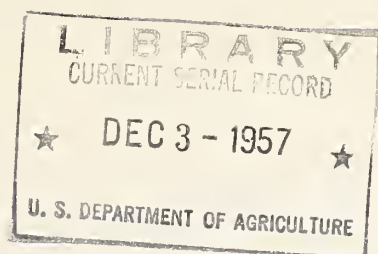
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# Mexico's



## LIVESTOCK and MEAT INDUSTRY



Foreign Agricultural Service  
UNITED STATES DEPARTMENT OF AGRICULTURE  
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## MEXICO'S LIVESTOCK AND MEAT INDUSTRY

### Livestock and Meat Products Division Foreign Agricultural Service\*

#### SUMMARY

There exists a large potential for improving the Mexican livestock industry. In the past, inadequate transportation, inadequate credit, the land tenure system and other agrarian laws have all restricted development. In addition, prolonged periods of drought and the foot-and-mouth disease outbreak after World War II have slowed progress of the industry.

In recent years, however, both private and Government programs have been active in improving and expanding the livestock industry. The Government has taken some concrete steps to increase production by facilitating large-scale imports of breeding stock, instituting better credit facilities, State breeding centers and other technical aid. The meat animal population increased by about 3 percent during 1956. The decrease in cattle in the northern States, due to extreme drought, was more than offset by large increases in Veracruz, Chiapas, Oaxala and other southern States. Seven thousand head of breeding cattle were imported in 1955 and 10,500 in 1956. The hog population increased 4 percent in 1956. Sheep numbers also increased.

Total meat production increased 4 percent in 1956. Production in the first 6 months of 1957 was 6 percent above the corresponding period of 1956. The aim is to make Mexico self-sufficient in meat and animal fats and thus reduce imports.

However, with the increasing human population and per capita meat consumption, prospects for larger livestock and meat exports are not bright for years ahead. During 1935-39, exports to and imports from the United States of livestock, meat and meat products, averaged \$4.4 and \$.19 million respectively. In 1952-55, the average was \$18.1 and \$13.7 million, respectively.

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\*This publication is based partly on reports from the office of the U.S. Agricultural Attache in Mexico.

## PRODUCTION

### Livestock

Cattle are produced throughout Mexico, but are concentrated in the Central Plateau region. On the coastal plains, production is more hazardous because of the intense heat, humidity and the prevalence of insect-borne diseases. Mexico's beef-exporting area is in the northern States bordering on the United States. Here, as elsewhere in the country, feed depends to a large extent on rainfall. The practice of haymaking and ensilage is all but non-existent. Cattle are raised almost entirely on natural pastures.

In nearly all of Mexico, a rainy and a dry season prevail. Both rainfall and temperature vary widely from one region to another. The rainy season, in general, starts in June and lasts through October. During this period, forage is abundant and water holes are filled. Growth continues for 2 or 3 months after the rainy season and provides ample feed for cattle. In March, pastures begin to deteriorate, livestock water becomes scarce and cattle begin losing weight. This situation, however, varies from year to year. In the very dry years, cattle have to be moved to areas where feed and water are available or marketed to prevent starvation death losses. In some years, death losses have been as high as 30 percent.

In the early 1930's, the cattle population of Mexico was estimated at 10 million head; by 1950 it had increased to 11.6 million. At present, it is over 16 million.

Mexican cattle are produced on various types of farms and ranches and under varied conditions. In northern Mexico, cattle ranches are large, while in areas where grass grows more abundantly, they are small. About half of the cattle population is on privately-owned ranches or small commercial farms. The rest are kept on common grass areas close to cities and towns and on public lands.

The large ranches in the northern part of Mexico are operated quite differently from those in the central, southern and coastal regions. The long-established pattern of livestock raising in this region is to sell cattle as feeders or stockers, usually in the United States. Pastures in these northern areas are not sufficiently productive to permit the fattening and maturing of cattle to the desired slaughter condition. In other areas, cattle are usually raised and fattened on the same ranch or farm. In the Huasteca area, which is comprised of northern Veracruz, southern Tamaulipas, eastern San Luis Potosi and northern Hidalgo, pastures grow more abundantly. Cattle are purchased elsewhere and brought here for fattening. The farmers of these areas are interested in breeding techniques and produce better animals than do ranchers who produce livestock for domestic consumption only. Many of the large cattle exporters were originally from the United States or have spent considerable time here. They are familiar with practices followed in the United States and with the breeds and grades of cattle most desirable for export.

On the whole, it may be said that few ranchers in Mexico have a definite breeding program. Generally, livestock (including bulls, cows, young

breeding stock and cattle for sale) run together in the pastures during the entire year. Calves are born during all months of the year and many of the births occur during periods when pastures are poor and the cattle very thin. This results in a considerable loss of calves. As a rule, sales are made in the fall or early winter, at which time the cattle are considered to be in the best condition. In contrast, some northern ranchers follow closely United States' techniques and the demands of the U.S. market, where they sell some of their cattle.

One of the limiting factors of cattle production in Mexico is credit, particularly among small producers. Little is available from commercial banks and that for short term only. Interest rates are high. Recently, however, several credit banks have been established to ease the long-term credit need of the cattle industry.

### Meat

Total meat production for Mexico during 1956 was 1,219 million pounds, more than 4 percent over the 1955 volume. Cattle slaughter in 1957 increased 8 percent and hog slaughter 6 percent over the previous year. Slaughter of sheep and lambs increased about 7 percent over 1956, but goat slaughter was lower than in 1956.

Prospects for larger meat production in 1957 are good. Rains have been beneficial in most of the drought-stricken areas; Government measures in granting loans for deep wells and the building of small dams to conserve water will contribute to a better livestock industry in the years ahead.

One of the main factors which would contribute to the expansion of the Mexican meat industry is transportation. Since World War II, Mexico has been working on its transportation problems, but to date the facilities are not sufficient to meet the increasing needs of the livestock industry, especially that of the northern States. Shipments of live cattle and refrigerated beef from this area to Mexico City are not too satisfactory. Shipments of cattle and chilled beef to the United States are not a problem, since most of the packinghouses are located near or on arterial highways which connect with the United States. Transportation difficulties in the northern States of Mexico may continue to be a limiting factor in the development of a feeding and fattening industry.

Lack of transportation facilities in the past has set up a pattern of marketing for calves and yearling steers. They have proved to be more adaptable and more suitable for trailing long distances and moving under unfavorable conditions.

### TRADE

The U.S. share of Mexican imports of livestock and livestock products is substantial. In the last 3 years, the U.S. share of the imported breeding cattle was 85 percent, live cattle for slaughter 96 percent, lard 100 percent, tallow and greases 98 percent and hides and skins almost 100 percent.

TABLE 1.--Meat and meat products: Production, trade and domestic consumption, averages 1934-39 and 1946-50. annual 1951-56

(Meats are calculated on carcass-weight equivalent)

| Commodity             | Averages  |           | 1951      | 1952      | 1953      | 1954      | 1955      | 1956<br>1/ |
|-----------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------|
|                       | 1934-38   | 1946-50   |           |           |           |           |           |            |
|                       | Mil. lbs. | Mil. lbs. | Mil. lbs. | Mil. lbs. | Mil. lbs. | Mil. lbs. | Mil. lbs. | Mil. lbs.  |
| Production:           |           |           |           |           |           |           |           |            |
| Beef & veal...        | 698       | 723       | 800       | 820       | 763       | 770       | 747       | 778        |
| Pork.....             | ---       | 262       | 287       | 265       | 265       | 334       | 368       | 386        |
| Lamb & mutton.        | ---       | 50        | 66        | 71        | 68        | 50        | 45        | 46         |
| Horse meat....        | ---       | ---       | ---       | ---       | ---       | ---       | 7         | 9          |
| Total....             | 698       | 1,035     | 1,153     | 1,156     | 1,096     | 1,154     | 1,167     | 1,219      |
| Lard.....             | 2/50      | 3/76      | 79        | 73        | 79        | 100       | 110       | 116        |
| Tallow & greases..... | 2/40      | 3/48      | 58        | 60        | 55        | 52        | 50        | 52         |
| Total....             | 90        | 124       | 137       | 133       | 134       | 152       | 160       | 168        |
| Imports:              |           |           |           |           |           |           |           |            |
| All meats 4/..        | 1         | 1         | 1         | 2         | 2         | 2         | 1         | 2          |
| Lard.....             | 2/5       | 27        | 31        | 31        | 31        | 25        | 14        | 15         |
| Tallow & greases..... | 2/9       | 14        | 24        | 44        | 55        | 61        | 48        | 73         |
| Total....             | 14        | 41        | 55        | 75        | 86        | 86        | 62        | 88         |
| Exports:              |           |           |           |           |           |           |           |            |
| All meats 5/..        | (6/)      | 57        | 107       | 111       | 40        | 47        | 31        | 24         |
| Consumption:          |           |           |           |           |           |           |           |            |
| Beef & veal...        | 698       | 666       | 693       | 709       | 723       | 723       | 718       | 760        |
| Pork.....             | 1         | 263       | 288       | 267       | 267       | 336       | 369       | 388        |
| Lamb & mutton.        | ---       | 50        | 66        | 71        | 68        | 50        | 45        | 46         |
| Horse meat....        | ---       | ---       | ---       | ---       | ---       | ---       | 5         | 3          |
| Total....             | 699       | 979       | 1,047     | 1,047     | 1,058     | 1,109     | 1,137     | 1,197      |
| Lard.....             | 55        | 103       | 110       | 104       | 110       | 125       | 124       | 131        |
| Tallow & greases..... | 49        | 62        | 82        | 104       | 110       | 113       | 98        | 125        |
| Total....             | 104       | 165       | 192       | 208       | 220       | 238       | 222       | 256        |

1/ Preliminary. 2/ 1935-39 average. 3/ 1945-49 average. 4/ Chiefly pork.  
5/ Chiefly veal and horse meat. 6/ Less than 500,000 pounds.

Compiled from official sources, other foreign source material, reports of U.S. agricultural attaches and other United States representatives abroad.

TABLE 2.--Cattle, lard, tallow and greases: Total imports into Mexico and U.S. share, 1950-56

| Year | Lard              |                   | Tallow & greases  |                   | Cattle      |             |
|------|-------------------|-------------------|-------------------|-------------------|-------------|-------------|
|      | Total             | From U.S.         | Total             | From U.S.         | Total       | From U.S.   |
|      | <u>1,000 lbs.</u> | <u>1,000 lbs.</u> | <u>1,000 lbs.</u> | <u>1,000 lbs.</u> | <u>Head</u> | <u>Head</u> |
| 1950 | 23,800            | 23,800            | 800               | 700               | 641         | 610         |
| 1951 | 30,800            | 30,800            | 23,600            | 22,500            | 611         | 549         |
| 1952 | 30,700            | 29,500            | 43,800            | 43,700            | 1,602       | 1,549       |
| 1953 | 31,500            | 31,500            | 55,200            | 55,024            | 3,814       | 3,734       |
| 1954 | 25,400            | 25,400            | 61,300            | 61,200            | 1,949       | 1,834       |
| 1955 | 14,200            | 14,200            | 47,600            | 47,300            | 6,860       | 6,691       |
| 1956 | 15,100            | 14,800            | 73,100            | 72,900            | 10,430      | 10,138      |

Compiled from official sources, other foreign source material, reports of U.S. agricultural attaches and other United States representatives abroad.

TABLE 3.--Cattle and meat: United States trade with Mexico, average 1935-39, annual 1950-56

| Year     | Cattle            |                   | Meat <sup>1/</sup><br>(Product weight) |                   |
|----------|-------------------|-------------------|----------------------------------------|-------------------|
|          | Exports           | Imports           | Exports                                | Imports           |
|          | <u>1,000 head</u> | <u>1,000 head</u> | <u>1,000 lbs.</u>                      | <u>1,000 lbs.</u> |
| Average: |                   |                   |                                        |                   |
| 1935-39  | ---               | 276.1             | 522                                    | ---               |
| Annual:  |                   |                   |                                        |                   |
| 1950...  | 1.2               | ---               | 314                                    | ---               |
| 1951...  | .9                | ---               | 468                                    | 51,352            |
| 1952...  | 2.4               | 127.3             | 1,686                                  | 72,391            |
| 1953...  | 5.2               | 128.0             | 2,649                                  | 24,953            |
| 1954...  | 4.0               | ---               | 1,723                                  | 18,675            |
| 1955...  | 12.9              | 247.8             | 3,605                                  | 11,747            |
| 1956...  | 14.6              | 110.3             | 5,537                                  | 6,646             |

<sup>1/</sup> Excludes live animals, edible variety meat, lard, rabbit and poultry.

Compiled from same source material as table 2.

## Livestock products

Mexico has increased production of animal and vegetable fats. This may reduce lard imports, but tallow imports may continue high, provided the recent temporary import restrictions are lifted. Imports of both lard and tallow for the 1957 season are somewhat lower than those of the previous year. However, the trends of tallow consumption will continue to be high in the years ahead. The deficit for tallow has been met by substituting copra in the production of both soaps and shortening and the substitution of lard for shortening by consumers.

The import of lard is sensitive to fluctuations in world prices. The price of U.S. lard was low in 1955 and 1956 but rose in 1957. There is a different tariff for lard imported in tanks and lard imported in other containers. Import duties for lard imported in tanks is 0.9 cent a pound, plus 35 percent tariff; for lard imported in other containers, it is 1.2 cents a pound, plus 30 percent tariff. Imports are subject to government authorization and examination by sanitary authority.

Despite increased production of tallow in 1956 (estimated at 4 percent larger than 1955), it was necessary to import 50 percent more in 1956 than in 1955 in order to meet increased requirements. Soap manufacturing absorbed about 36 percent more tallow in 1956 than in 1955. For 1957 it is estimated that tallow imports will be 6 percent over those of 1956, provided domestic production increases by 10 percent and government restrictions against imports are lifted. These restrictions were imposed in March 1957 when the Government of Mexico notified its customs collectors to prohibit the import of industrial tallow. This action had the effect of cancelling all pending permits for importing inedible tallow. Copra producers had claimed that depressed prices for their product were the result of tallow replacing copra in the manufacture of soap. The order is said to be a temporary measure until the price of copra improves. Since the suspension of tallow imports, substantial quantities of copra have been used by the soap industry and prices of copra have risen to the level of last year. This may induce the Government to allow imports of tallow.

During 1957, frozen beef has been an important export item; during the first 6 months, about 55 percent more frozen meat was shipped to the United States than in the comparable 1956 period.

## Livestock

From 1935 to 1946, cattlemen of the northern Mexican States found a ready outlet for stocker and feeder calves in the United States and large numbers were moved across the border. The great demand for restocking drought-stricken areas in the United States and also the wartime demand for meat built up a prosperous cattle industry for these north Mexican cattlemen. The presence of foot-and-mouth disease, however, ended shipments to the United States from late 1946 until September 1, 1952. During this period, when the U.S. market was closed to live cattle from Mexico, new packinghouses were established in Mexico to take care of the increased slaughter. New markets, both at home and abroad, were developed to partially replace the market lost in the United States as a result of the quarantine. U.S.-approved packinghouses in northern Mexico, however, began to ship large quantities of canned

and cured meat to the United States beginning in 1950 when the Mexican Meat Inspection System first met the standards of the U.S. Government and these shipments continued.

In recent years, the marketing of live animals from Mexico to the United States has been rather weak; mainly because of increased U.S. meat production, prices were low in the United States. More recently, however, exports of both cattle and meat to the U.S. have been increasing. Packinghouses in Mexico have created new markets for their products and are eager to patronize cattle raisers of their country. Some of these packinghouses have diversified their activities to produce other than meat and thus have reduced to a minimum their maintenance and production costs. Packinghouses fear the possibility of a return to a straight, live-cattle export business with the United States, which would place them in a difficult position.

In 1951, the Mexican cured-beef trade with the United States amounted to around 50 million pounds and was the source of about \$17.9 million to Mexican interests. Since this period it has declined, although the share of live cattle has been increasing. Many of the cattle raisers who have a share in the packingplants realize that these plants have a definite place and function in the cattle economy of the northern States. Several of the plants are beginning to establish long-range feeding operations and hope to feed out cattle to compete in U.S. markets. If properly fattened, a substantial portion of the Mexican cattle could dress out to high "commercial" and compete as refrigerated meat in the U.S. market. The fattening idea is fast developing, although its solution is linked with that of transportation and other significant limitations.

The small volume of cattle that has moved into the United States in recent years reflects the low level of production in northern Mexico and the relative low prices offered by U.S. buyers. As a rule, Mexican cattle are thin and rough and bring a lower price than U.S. cattle. With the increased production of beef and veal in the United States and the depressed prices of livestock, the Mexicans have found it unprofitable to ship their annual quota of cattle. In order to maintain production of meat in the areas that supply the needs of Mexico City, the general consensus is to continue the present export program of exporting live animals and meat to the United States only from the northern States bordering the United States. Such a plan will not discourage the raising of livestock in areas less suitable. Mexico's present policy is to maintain the present quota system and to try to maintain the packinghouses, which at a time of emergency would become a great source of supply.

Export quotas for 1956 did not exceed 300,000 head and reported exports in 1955 and 1956 were 247,751 and 110,256 head, respectively. In the first half of 1957, feeder cattle exports to the United States were 159,262. This reduction is due to several factors. First, the domestic market demand is strong, owing to losses of cattle and pasture damage from storms and floods in the Gulf Coast area; these areas traditionally supply the Mexico City market. Second, breeding cattle in northern Mexican States have not increased in number to compensate for the decline during the past 5 years of drought.

TABLE 4.--Cattle: Exports of live cattle from Mexico to the United States, annual 1935-56

| Year    | Dutiable cattle               |        |        |                        |                         |                  |                                  |      |         |      | Breed-<br>ing<br>cattle<br>(free) | Total |
|---------|-------------------------------|--------|--------|------------------------|-------------------------|------------------|----------------------------------|------|---------|------|-----------------------------------|-------|
|         | 700 pounds and over           |        |        |                        |                         | Under 700 pounds |                                  |      |         |      |                                   |       |
|         | Cows for<br>dairy<br>purposes | Other  | Total  | Under<br>200<br>pounds | 200 to<br>699<br>pounds | Total            | Total<br>duti-<br>able<br>cattle |      |         |      |                                   |       |
|         | Head                          | Head   | Head   | Head                   | Head                    | Head             | Head                             | Head | Head    | Head | Head                              |       |
| 1935... | (3/)                          | (3/)   | 8,622  | (3/)                   | (3/)                    | 242,468          | 251,090                          | 280  | 251,370 |      |                                   |       |
| 1936... | ---                           | 22,190 | 22,190 | 1,615                  | 140,241                 | 141,856          | 164,046                          | 684  | 164,730 |      |                                   |       |
| 1937... | ---                           | 24,792 | 24,792 | 1,259                  | 172,717                 | 173,976          | 198,768                          | 692  | 199,460 |      |                                   |       |
| 1938... | ---                           | 49,770 | 49,770 | 2,062                  | 234,030                 | 236,092          | 285,862                          | 383  | 286,245 |      |                                   |       |
| 1939... | ---                           | 55,232 | 55,232 | 33,259                 | 390,074                 | 423,333          | 478,565                          | 267  | 478,832 |      |                                   |       |
| 1940... | ---                           | 44,715 | 44,715 | 29,921                 | 336,207                 | 366,128          | 410,843                          | 602  | 411,445 |      |                                   |       |
| 1941... | ---                           | 54,253 | 54,253 | 39,776                 | 402,120                 | 441,896          | 496,149                          | 235  | 496,384 |      |                                   |       |
| 1942... | 57                            | 64,575 | 64,632 | 13,503                 | 377,407                 | 390,910          | 455,542                          | 81   | 455,623 |      |                                   |       |
| 1943... | 170                           | 77,309 | 77,479 | 8,283                  | 501,592                 | 509,875          | 507,354                          | 582  | 507,936 |      |                                   |       |
| 1944... | ---                           | 25,531 | 25,531 | 310                    | 275,259                 | 275,569          | 301,100                          | 26   | 301,126 |      |                                   |       |
| 1945... | 62                            | 41,917 | 41,979 | 1,315                  | 392,132                 | 393,447          | 435,426                          | 9    | 435,435 |      |                                   |       |
| 1946 4/ | 1,348                         | 25,714 | 27,062 | 708                    | 410,552                 | 411,260          | 438,322                          | 152  | 438,474 |      |                                   |       |
| 1947... | ---                           | 5/792  | 5/792  | ---                    | 5/638                   | 5/638            | 5/1,430                          | ---  | 5/1,430 |      |                                   |       |
| 1948... | ---                           | ---    | ---    | ---                    | ---                     | ---              | ---                              | ---  | ---     |      |                                   |       |
| 1949... | ---                           | ---    | ---    | ---                    | ---                     | ---              | ---                              | ---  | ---     |      |                                   |       |
| 1950... | ---                           | ---    | ---    | ---                    | ---                     | ---              | ---                              | ---  | ---     |      |                                   |       |

(Continued)

(Continued)

TABLE 4.--Cattle: Exports of live cattle from Mexico to the United States, annual 1935-56

| Year    | Dutiable cattle               |                  |                  |                        |                            |                   |                                  |                   |                   |                   | Breed-<br>ing<br>cattle<br>(free) | Total             |
|---------|-------------------------------|------------------|------------------|------------------------|----------------------------|-------------------|----------------------------------|-------------------|-------------------|-------------------|-----------------------------------|-------------------|
|         | 700 pounds and over           |                  |                  | Under 700 pounds       |                            |                   |                                  |                   |                   |                   |                                   |                   |
|         | Cows for<br>dairy<br>purposes | Other            | Total            | Under<br>200<br>pounds | 200<br>to<br>699<br>pounds | Total             | Total<br>duti-<br>able<br>cattle |                   |                   |                   |                                   |                   |
| 1951... | Head :<br>2,381               | Head :<br>43,617 | Head :<br>45,998 | Head :<br>96           | Head :<br>81,185           | Head :<br>81,281  | Head :<br>127,279                | Head :<br>127,279 | Head :<br>127,279 | Head :<br>127,279 | Head :<br>127,279                 | Head :<br>127,279 |
| 1952 6/ | Head :<br>175                 | Head :<br>25,364 | Head :<br>25,539 | Head :<br>485          | Head :<br>101,901          | Head :<br>102,386 | Head :<br>127,925                | Head :<br>127,925 | Head :<br>127,925 | Head :<br>127,925 | Head :<br>127,925                 | Head :<br>127,925 |
| 1953 7/ | Head :<br>---                 | Head :<br>---    | Head :<br>---    | Head :<br>---          | Head :<br>---              | Head :<br>---     | Head :<br>---                    | Head :<br>---     | Head :<br>---     | Head :<br>---     | Head :<br>---                     | Head :<br>---     |
| 1954... | Head :<br>1,424               | Head :<br>56,153 | Head :<br>57,577 | Head :<br>539          | Head :<br>189,631          | Head :<br>190,170 | Head :<br>247,751                | Head :<br>247,751 | Head :<br>247,751 | Head :<br>247,751 | Head :<br>247,751                 | Head :<br>247,751 |
| 1955... | Head :<br>1,684               | Head :<br>11,124 | Head :<br>12,808 | Head :<br>848          | Head :<br>96,594           | Head :<br>97,442  | Head :<br>110,250                | Head :<br>110,250 | Head :<br>110,250 | Head :<br>110,250 | Head :<br>110,250                 | Head :<br>110,250 |
| 1956... | Head :<br>---                 | Head :<br>---    | Head :<br>---    | Head :<br>---          | Head :<br>---              | Head :<br>---     | Head :<br>---                    | Head :<br>---     | Head :<br>---     | Head :<br>---     | Head :<br>---                     | Head :<br>---     |

1/ Under 175 pounds prior to Jan. 1, 1939. 2/ 175 to 699 pounds prior to Jan. 1, 1939. 3/ Not so classified prior to Jan. 1, 1956. 4/ Imports from Mexico were suspended by a border quarantine from June 5 to Oct. 18, 1946. On Dec. 27, 1946, an embargo was placed on imports of Mexican cattle because of an outbreak of foot-and-mouth disease. 5/ Cattle imports shown in 1947 actually entered the United States in December 1946 but were not entered in the Customs' Office books before the following January. 6/ The United States removed the embargo from Mexico on Sept. 1, 1952. 7/ Effective May 23, 1953, the United States imposed an embargo on imports from Mexico following another outbreak of foot-and-mouth disease. This embargo was lifted Jan. 1, 1955.

Compiled from Foreign Commerce and Navigation of the U.S. and official records of the Bureau of the Census.

The principal livestock exports from Mexico during 1956 were feeder cattle to the United States. The total number decreased sharply in 1956 from the low volume of 1955. Exports of cattle to the United States are supposedly limited by export quota, although no quotas were announced for 1957.

There are a number of items of expense incurred in the exportation of cattle from Mexico to the United States. The most important of these are the U.S. tariff duty and the export tax of Mexico.

There are no quota imports restricting Mexican cattle into the United States. The Mexican Government, however, has devised cattle export quotas to prevent a meat shortage in the country. Also, the export tax on cattle is another measure used by the Mexican Government to restrict or encourage exports of cattle.

The U.S. tariff law on the import of cattle is as follows: Cattle weighing less than 200 pounds each shall pay 1-1/2 cents per pound. The rate of 1-1/2 cents per pound shall apply to not more than 200,000 head of the foregoing cattle entered in the 12-month period beginning April 1 in any year. Weighing 200 pounds or more, but less than 700 pounds each, will be at the rate of 2-1/2 cents per pound. Weighing 700 pounds or more each: cows imported, especially for dairy purposes, 1-1/2 cents per pound. Other cattle will be 1-1/2 cents per pound, but this rate will apply to not more than 400,000 head of such "other" cattle entered in the 12-month period beginning April 1 in any year and to not more than 120,000 head of such cattle entered in any 3-month period beginning April 1, July 1, October 1 or January 1 within any such 12-month period; any such "other" cattle not subject to that rate of duty shall be dutiable at 2-1/2 cents per pound.

Other expenses incurred in the exporting of cattle are:

| <u>Mexico</u>                                          | <u>Dollars</u>                  |
|--------------------------------------------------------|---------------------------------|
| Sales tax.....                                         | 0.90 per head                   |
| Stamp tax.....                                         | 8.80 per \$1,000 valuation      |
| Other certificates and incidentals.....                | .25 per head                    |
| Stockyard expenses; loading point and destination..... | .10 per head                    |
| Freight destination.....                               | .50 to \$1.00 per head          |
| Customs clearance.....                                 | .05 per head                    |
| Customs broker's fee.....                              | .60 to \$.80 per metric ton     |
| Unloading and loading cars..                           | 1.00 per car for each operation |
| Mexican export tax.....                                | 4.18 per head                   |
| Crossing border.....                                   | 2.17 per car                    |

| <u>United States</u>       | <u>Dollars</u>                     |
|----------------------------|------------------------------------|
| Tariff                     | 0.015 per pound                    |
| Customs broker's fees..... | 6.00 per shipment                  |
| Dipping.....               | .25 per head                       |
| Weighing.....              | 2.00 per car                       |
| Unloading.....             | 1.50 per car                       |
| Bedding car.....           | 1.21 per car                       |
| Alfalfa.....               | 1.50 per bale<br>(4 bales per car) |
| Cleaning of car.....       | 2.50 per car                       |

The above figures are subject to changes in both countries.

Considerable mutual interest has been shown by both countries in the movement of Mexican cattle to the United States. A large part of the equipment and supplies used by Mexican ranchers and farmers is manufactured and sold by U.S. firms. Although there has been a marked slowdown in exports in recent years, partially due to the quarantine, many ranchers continue to import bulls and other breeding animals from the United States. In 1942, around 2,400 bulls were imported by cattlemen of northern Mexico. In 1955, 7,000 beef breeding cattle, 4,341 sheep and 1,972 hogs were imported and in 1956, 10,500 beef breeding cattle and 5,580 hogs by Mexican ranchers and the Government. The Ministry of Agriculture also imported 34,644 sheep and 20,769 goats in 1956 for breeding purposes in order to improve the native stock.

About half of the horses slaughtered in Mexico are exported to the United States and the remainder consumed domestically. A strong demand for meat scrap, bone meal and blood meal for use of the rapidly expanding feed industry has made horse slaughter profitable for these byproducts alone.

### CONSUMPTION

Per capita meat consumption in Mexico is very low compared with that of its northern neighbors. Most of the meat is consumed in the large cities, where more people can afford to buy it. The rural areas consume negligible amounts and, in some cases, less than half the amount consumed in the large cities. Per capita consumption of all kinds of meat has ranged from 38 to 40 pounds since prewar years, as against 137 pounds in Canada and 158 pounds in the United States. This low consumption level in Mexico is due to the low purchasing power of the average citizen. If the Mexican consumer had the purchasing power to satisfy his needs in meat products, present production levels would not be sufficient to meet the demand and large imports would be needed.

Supplies of meat available for consumption in Mexico are about 6 percent larger in 1957 than in 1956, principally as a result of increased beef production. Some increase also took place in pork output, but the production of other meats was at approximately the same level as in 1955. With the steadily improving economic conditions in Mexico, per capita meat consumption is steadily increasing and may eventually absorb the increased production, leaving little or none for export.

TABLE 5.--Cattle and meat: Number of cattle and meat production, exports, imports and consumption, averages 1934-38 and 1946-50, annual 1951-56

| Period   | <u>1/</u><br>Number<br>of<br>cattle | Produc-<br>tion            | Exports                    | Imports                    | Consump-<br>tion<br>(apparent) | Per<br>capita<br>con-<br>sumption |
|----------|-------------------------------------|----------------------------|----------------------------|----------------------------|--------------------------------|-----------------------------------|
|          | <u>1,000</u><br><u>head</u>         | <u>Mil.</u><br><u>lbs.</u> | <u>Mil.</u><br><u>lbs.</u> | <u>Mil.</u><br><u>lbs.</u> | <u>Mil.</u><br><u>lbs.</u>     | <u>Lbs.</u>                       |
| Average: |                                     |                            |                            |                            |                                |                                   |
| 1934-38  | 2/11,716                            | 698                        | ---                        | 1                          | 699                            | 38                                |
| 1946-50  | 13,530                              | 1,035                      | 57                         | 1                          | 979                            | 40                                |
| Annual:  |                                     |                            |                            |                            |                                |                                   |
| 1951...  | 14,700                              | 1,153                      | 107                        | 1                          | 1,047                          | 39                                |
| 1952...  | 15,000                              | 1,156                      | 111                        | 2                          | 1,047                          | 38                                |
| 1953...  | 15,000                              | 1,096                      | 40                         | 2                          | 1,058                          | 38                                |
| 1954...  | 15,000                              | 1,154                      | 47                         | 2                          | 1,109                          | 38                                |
| 1955...  | 15,000                              | 1,167                      | 31                         | 1                          | 1,137                          | 38                                |
| 1956...  | 16,000                              | 1,219                      | 24                         | 2                          | 1,197                          | 39                                |

1/ Beginning of year.

2/ June average 1936-40.

Compiled from official sources, other foreign source material, reports of U.S. agricultural attaches, and other United States representatives abroad.

Domestic lard consumption has fallen since 1952 from 3.22 pounds per capita to 2.58 pounds in 1956. Formerly, the Government's policy was to protect domestic consumption by imposing high tariffs on exports, which had to be authorized; recently, the decline in consumption has made these measures applicable in theory only.

Judging from the general trend of consumption of the different kinds of fats in Mexico, it may be concluded that the position of lard as an item of domestic economy has altered considerably in recent years. Consumption of lard has been diminishing, owing to the substitution of vegetable oils as a cooking fat. Domestic production, however, has continued to rise since 1951.

## POLICIES AIDING LIVESTOCK INDUSTRY

### Government policies

Mexico's land policies and regulations, which in 1915 involved the distribution of land to small operators (but did not actually become effective until 1934-40) did not encourage cattlemen to make improvements. In recent years, the Government has been gradually changing its policies with respect to land used for livestock production only. As a result, efforts have been made to improve pastures and other facilities for greater livestock production.

The Mexican Government is well aware of the importance of the livestock industry to its national economy and in recent years has established breeding centers throughout the country. It has also begun granting credits for the importation of breeding stock from the United States.

On October 30, 1956, an agreement was signed between the Export-Import Bank and the Mexican Government providing for a loan of \$5 million to finance the purchase and export of U.S. beef and dairy cattle to Mexico. Mexican cattlemen bought cattle from the drought-stricken areas of the United States under a loan agreement authorized in favor of the Mexican Government by the Export-Import Bank. Buyers made their own selections and established their own financing arrangements with the Agriculture Credit Bank of Mexico. This bank will repay the Export-Import Bank in dollars. The program is believed to have benefitted cattle buyers and sellers in Mexico and the United States by promoting and improving trade contacts. Approximately 16,400 head of beef cattle were purchased at a cost of \$3,631,000 from 16 States. Nine different beef breeds were included in the purchase, mostly Herefords, Brahman, Zebu and St. Gertrudis. The success of this purchase has created substantial interest on the part of cattle breeders, as well as the Mexican Government, and another loan of \$5 million for a similar project was recently made.

Swine production in Mexico has received proper attention through the importation of large numbers of breeding stock during 1956. Both the Government and private enterprise are interested in improving and expanding the swine industry. Imports of breeding animals are expected to continue during 1957 and this program will soon meet the needs of the country.

The aim of the Mexican Government is to eliminate imports of meat and meat products. It is problematical, however, whether this can be accomplished in the face of increased human population and increasingly higher standards of living.

In order to eliminate the depressed condition of the livestock industry in the northern, drought-stricken areas of Mexico, the Government temporarily reduced the tax on exports of cows beginning December 17, 1956, through May 31, 1957. To date, this has increased the export movement appreciably.

The Mexican Government is also making every effort to improve pastures, increase feed production and reduce transportation costs on feed by 50 percent.

The Ministry of Agriculture has a countrywide livestock promotional program in operation, centered around "pilot plants" or breeding stations for the various classes of livestock. The Ministry reports that there are now 8 national breeding stations for cattle, operating in the following locations:

| <u>Town</u>   | <u>State</u> | <u>Breed</u>                | <u>No. of females</u> | <u>No. of males</u> |
|---------------|--------------|-----------------------------|-----------------------|---------------------|
| Antunes       | Michoacan    | Shorthorn                   | 35                    | 4                   |
| El Sol        | Queretaro    | Holstein                    | 500                   | 10                  |
| Paso del Toro | Veracruz     | Brown Swiss                 | 25                    | 2                   |
| Lo Soledad    | Veracruz     | Zebu                        | 400                   | 50                  |
| Tamcasneque   | Tamaulipas   | Zebu                        | 600                   | 70                  |
| La Estancia   | Queretaro    | Charolais                   | 80                    | 4                   |
| Compostela    | Nayarit      | Zebu                        | 80                    | 6                   |
| Teseachic     | Chihuahua    | Hereford and<br>Rambouillet | 485                   | 145                 |

In addition to the above cattle stations, there are 6 "pilot plants" for swine in operation and 11 others under construction. These breeding stations should show results in 1957 in improved quality of animals and increased meat production. In the years to come, increasingly greater results should be shown.

#### Associations

The Mexican cattle raisers have their own local cattle associations. These associations are grouped into a Union Ganadera Regional, or regional union, and the unions into a Confederacion Nacional Ganadera (Confederation of Livestock Producers). The purpose of these organizations, as outlined in their original charter is to: Promote scientific and economic practices among members in order to increase their economic returns; adjust production in accordance with consumer demands; improve the distribution of livestock and meat products in domestic and foreign markets; standardize livestock production so as to facilitate merchandising; study, promote and develop programs to improve the livestock industry; improve credit facilities; promote improvement in meat packing, pasteurization, refrigeration, etc; improve economic conditions of the small livestock producer through improvement in

methods and means of production; promote the organization of cooperative societies of livestock producers in order to realize the highest economic returns for the industry; and to represent, before all authorities, the common interest of the societies and to promote their interest. Membership fees are in proportion to the size of the ranches represented and the number of cattle owned. The organization collects a tax on all cattle bought and sold and the funds are used to further the practices of its members. In some areas, cattle-dipping vats are installed for use of the members. The Mexican Government has endorsed the functions of these organizations and has granted special privileges to a producer who becomes a member.

#### MEXICO AS A COMPETITOR

In addition to large imports of U.S. industrial products, Mexico is also a sizable market for U.S. livestock products. During 1956, it imported 57.9 million pounds of U.S. inedible tallow and greases; 14.5 million pounds of lard; 775,000 pieces of cattle hides; 123,000 pieces of calf skins; 4.1 million pounds of meat products (mostly pork); and 2.6 million pounds of fresh and frozen variety meats. Total U.S. meat imports from Mexico during 1956 were 6.6 million pounds; total cattle imports for feeding and slaughter during 1955 and 1956 were 247,751 and 110,256 head, respectively. During 1957, both cattle and meat imports were larger than the 1956 level.

In order to maintain and expand their markets in the United States, the northern Mexico cattle raisers are adopting new improved methods of feeding, similar to those in existence in the border States of the United States. With the potentialities at hand, this expansion could be accomplished. With a large area sown to cotton, a substantial yearly surplus of cottonseed meal is available. Much of this meal is exported, but a quantity of it is used by the packingplants to fatten cattle. If the Mexican packers develop a sizable cattle-fattening industry, they can compete with U.S. domestic cattle on the same basis as U.S. buyers. The establishment of an effective and efficient feeding industry by Mexico, however, is a long-time, speculative proposition. The U.S. market could be curtailed at any time through increased domestic production and low prices. Meat is one of the strongest commodities on the world market and there are many outlets for finished, refrigerated beef. Despite the low export price of fresh beef in the border cities of the United States, Mexico is continuing its shipments. As transportation and refrigeration facilities improve, these shipments may increase substantially. Plans are under way to ship fresh meat from the western areas of Mexico to Los Angeles and other large cities on the Pacific West Coast.

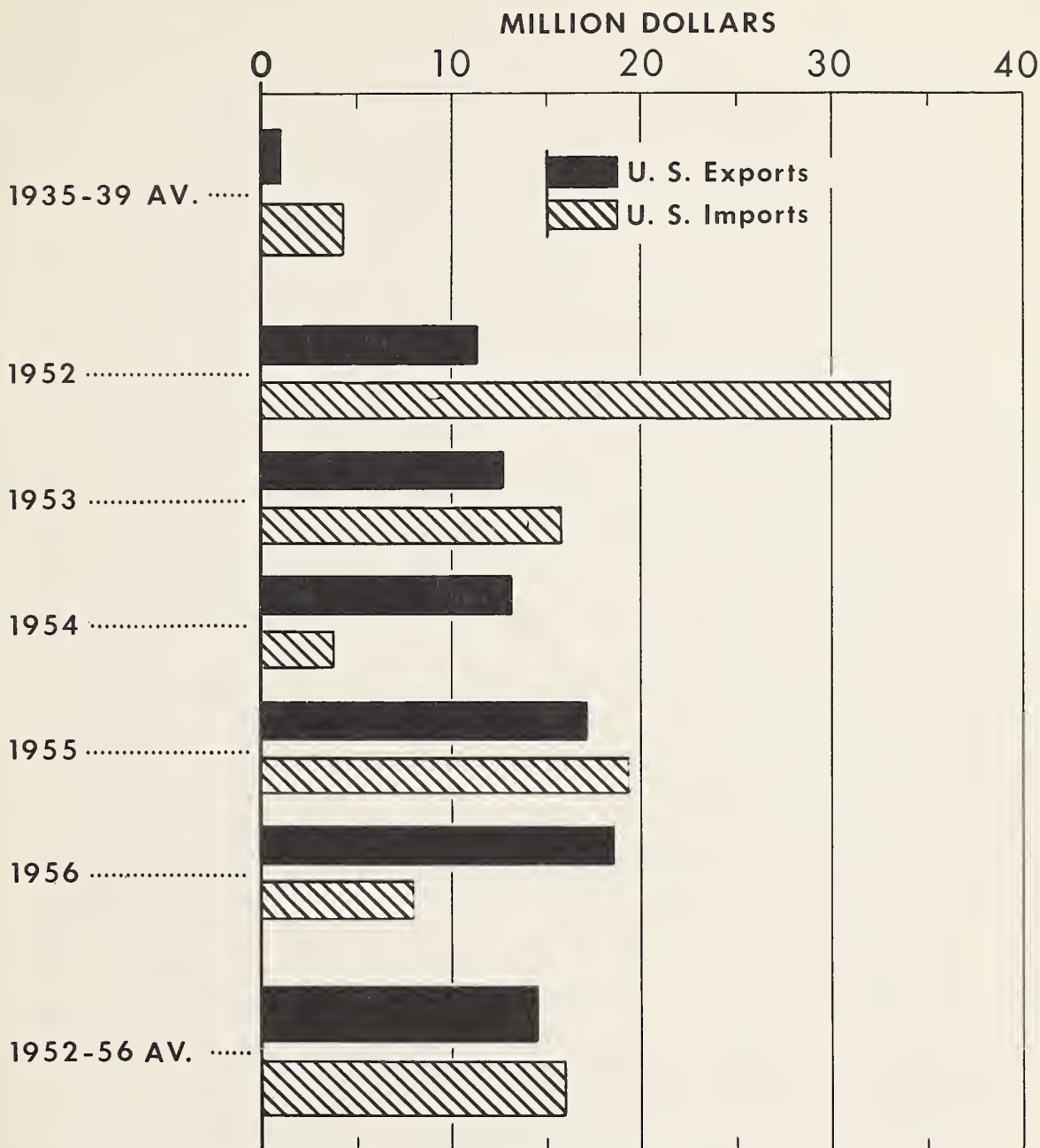
In addition to the exports of meat and cattle to the United States, Mexico has been exporting meat to West Germany, Israel, Greece, Chile and other countries. Production costs of meat in Mexico are competitive in the international market.

There is, however, the problem of maintaining recent levels of increased meat consumption within the country. Despite the tremendous increase in per capita meat consumption in Mexico, it is still very low as compared with other countries. If economic activity continues unabated in the country, the purchasing power of the average citizen would increase and would result in

greater consumption of meat, which would leave little or no meat for export.

The fact that resources are available in Mexico for expansion of the livestock industry does not mean that the cost of production would be kept to its present levels. Increased production would bring about additional costs of feeding, pasture, improvement plans, costs of transportation and other investment costs.

# U. S. TRADE WITH MEXICO IN LIVESTOCK, MEAT, AND MEAT PRODUCTS\*



\*LIVE ANIMALS, MEAT AND MEAT PRODUCTS (BEEF, PORK, HORSEMEAT, VARIETY MEATS),  
LARD, TALLOW (EDIBLE AND INEDIBLE), HIDES AND SKINS.

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